Finding Opportunities on Main Street

SPRING REV-Ups 2018

- Warrenton

- Marion

- South Boston

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National Main Street Center Inc.

Thank You To Our Regional Rev Up Partner!

New Publications

- **Market Analysis Guide**
  - Second of three Main Street Approach implementation guides (first was released last year on Community Engagement, third to come out this summer on measuring and communicating impact);
  - User-friendly tool-kit on "market analysis-lite"
- **Design Guide**
  - First in suite of new Four Point guides
  - Update to existing Design Handbook with emphasis on people-centered design and community-driven process
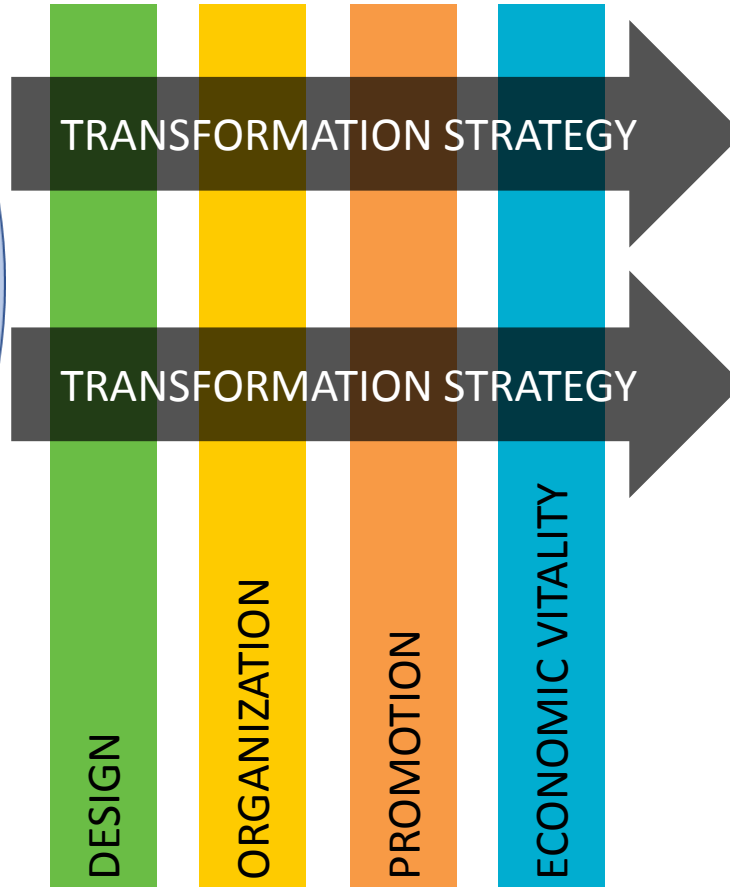
Agenda

- 10:00 to 10:30 am – An Introduction to Opportunity Analysis – Using Corporate Approaches to Revitalize Our Districts (w/Exercise)
- 10:30 am to Noon – Market Analysis: Understanding Primary and Secondary Data for Opportunity Analysis (Case Study and Exercise)
- Noon to 12:45 pm – Lunch (Exercise – "A New Glue")
- 12:45 pm to 1:30 pm – Tour and an initial analysis
- 1:30 pm to 2 pm – Exercise – Findings and How they Relate to Projects and Strategy

THE MAIN STREET APPROACH

MAIN STREET AMERICA™

Opportunity Analysis

- COMMUNITY VISION
- MARKET UNDERSTANDING
- COMMUNITY ASSETS

TRANSFORMATION STRATEGY

TRANSFORMATION STRATEGY

- QUANTITATIVE OUTCOMES
- QUALITATIVE OUTCOMES

DESIGN

ORGANIZATION

PROMOTION

ECONOMIC VITALITY

How to Identify Opportunities?

1. Don't Look From a Silo

- Private Sector:
  - Corporate R&D and Business Development Teams are commonly made up of cross-discipline

- Main Street
  - Ensure that you are engaging a broad range of stakeholders
  - Continue to enlist new volunteers…especially community newcomers with a fresh set of eyes.

2. Evaluate the Competition

- Corporate
  - Competitive intelligence
  - Look outside of your industry and incorporate

- Main Street
  - Look at what other downtowns and retail sectors are doing and ADAPT to your strategy
  - Create a mind map – Where do you find information that influences how you see/find opportunities?
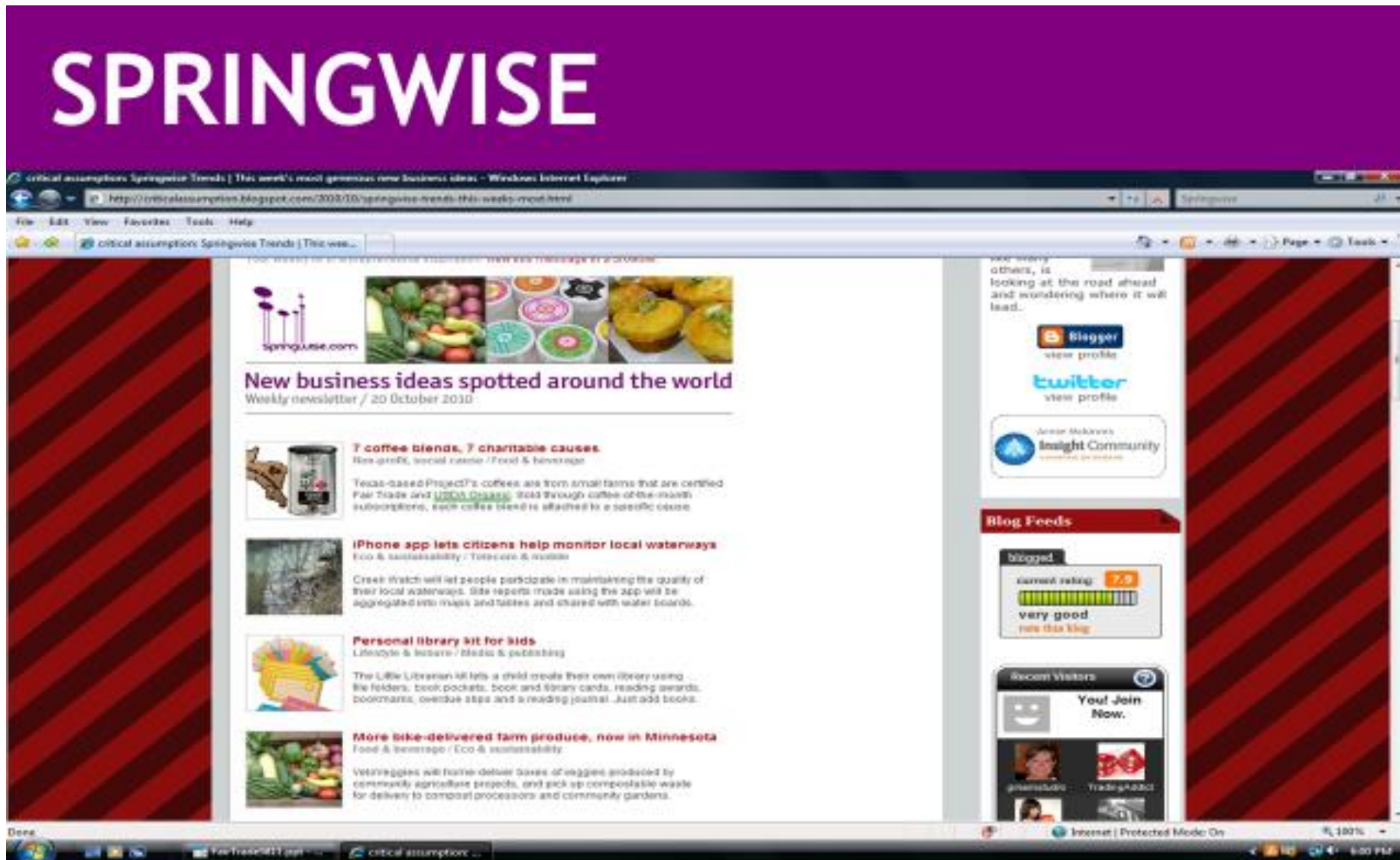
Matt's Mind Map

Economic Development

Promotions & Marketing

Organization

Design

MAIN STREET AMERICA™

3. Looking Globally

4. Looking for Trends

- Corporations and Main Street Not so Different
    - Demographics
    - Consumer Spending
    - Psychographics

Trends - Exercise

- What's Happening In Housing that Might Provide an Opportunity?
- What's Happening in Retail that Might Provide an Opportunity?
- What's Happening with Technology that Might Provide an Opportunity?
- What's Happening with (Pick an Industry eg. Food; Manufacturing, etc) that Might Provide an Opportunity?

Market Analysis: Philosophy Impacts Approach

- More Art than Science
- Puzzle Pieces
- Data confirms…it doesn't lead
- Market analysis is as much qualitative as it is quantitative
- What you see in the downtown/district reflects market forces already in action…void largely direct influence and strategy
- Look for reoccurring themes
- Label each piece of information to help with this – as a TS and/or 4 Point Driver
- Attempt to view Transformation Strategies as market overlays…they should complement each other to build density of markets
- Be aware of national trends. While markets are primarily local, you can draw inference from national consumer habits and business movements
- Test by using your gut instinct…does it pass the smell test?

Case Study – Owatonna, MN

- Background
  - Hour south of Minneapolis; 45 min west of Rochester (Mayo Clinic)
  - County seat
  - 25,000 population.
  - Acts as a Regional Trade Center…tipping point however going north to the Twin Cities at 20 min drive time mark approx.
  - No shortage of suburban retail competition however

Observed Assets

- Straight River (Residents and Health/Recreation)
- Downtown Employment Market: City/County Center; Josten's and Federated Insurance 2,000+ (Residents and Workers)
- Cabela's (Health & Recreation)
- Proximity to Twin Cities and Rochester (Day Trippers/Food-Dining)
- Owatonna Wildlife Work Area (Health & Recreation)
- Buxton Trail/Muckle Trail (Health & Recreation)
- History of Manufacturing, Invention, Innovation (Small Scale Production)
- New Downtown Housing Projects (mix) (Residents)
- Bus Trips for Louis Sullivan design (Day Trippers/Food-Dining)
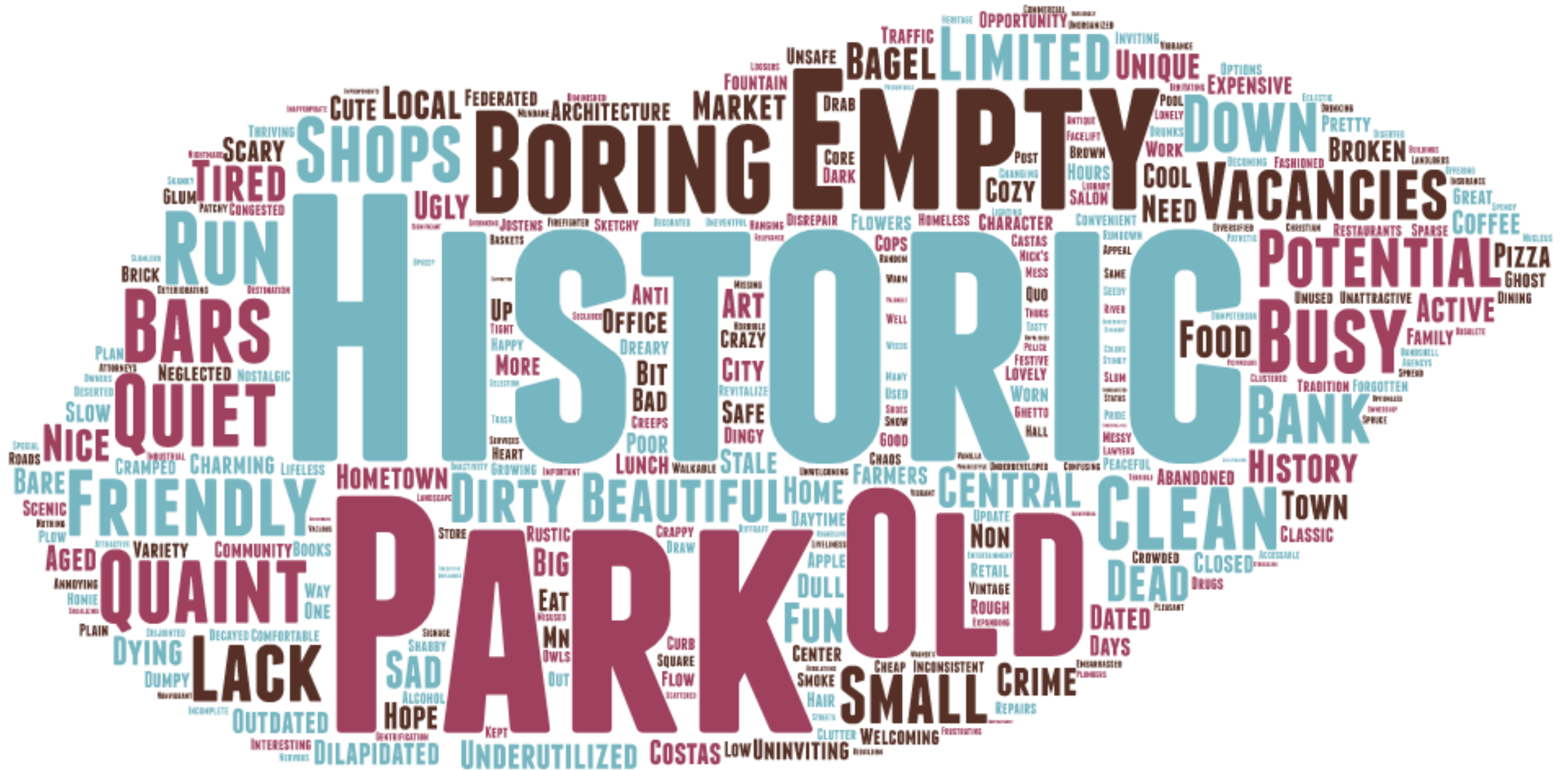- Brewery coming to downtown (Food/Dining)

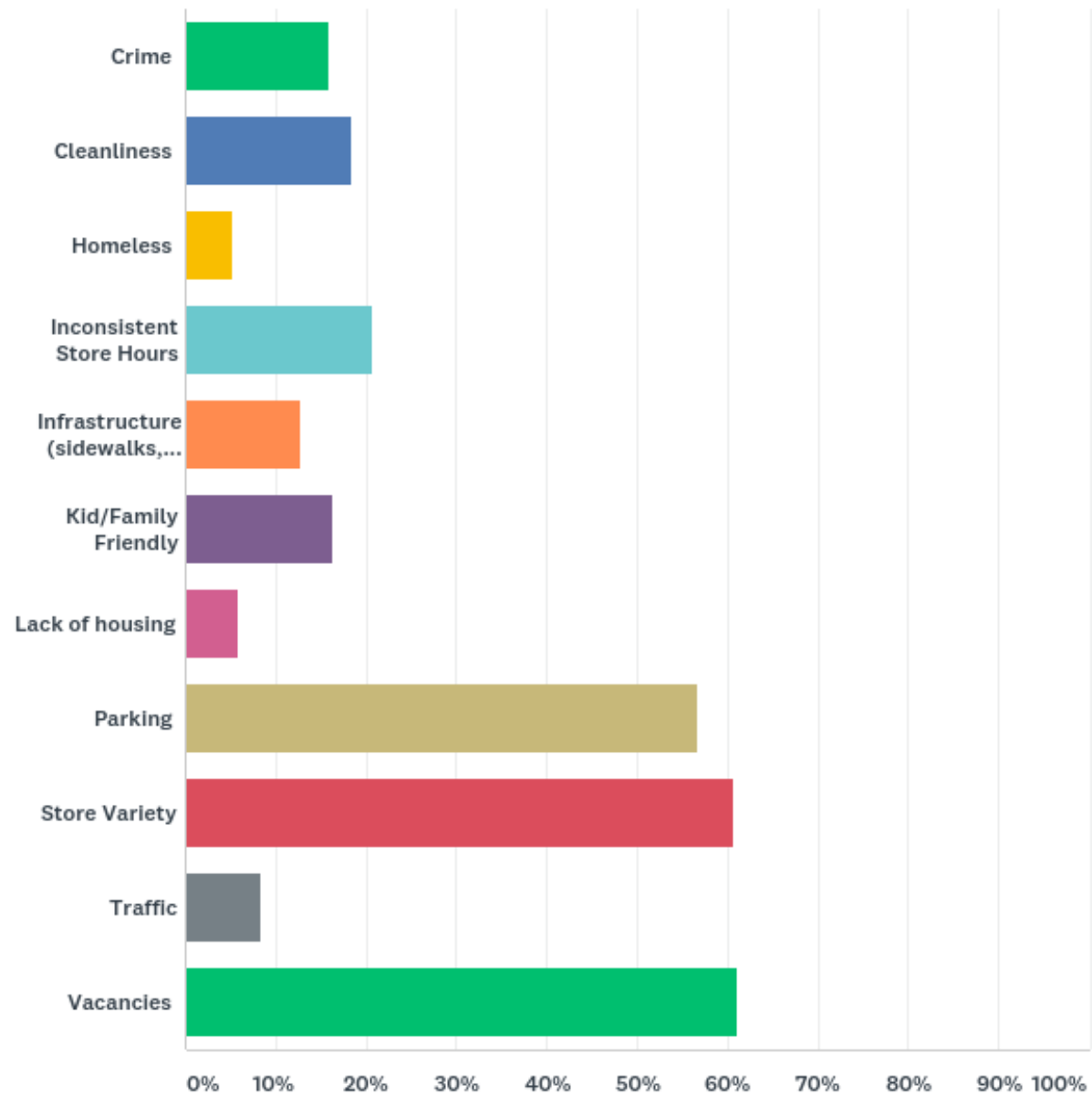NOTE: OPPORTUNITY ANALYSIS SHOULD NOT BE CONFINED TO JUST THE DOWNTOWN – REGIONAL CONTEXT

Community Vision and Engagement Inputs

438 Community Surveys Collected!!!
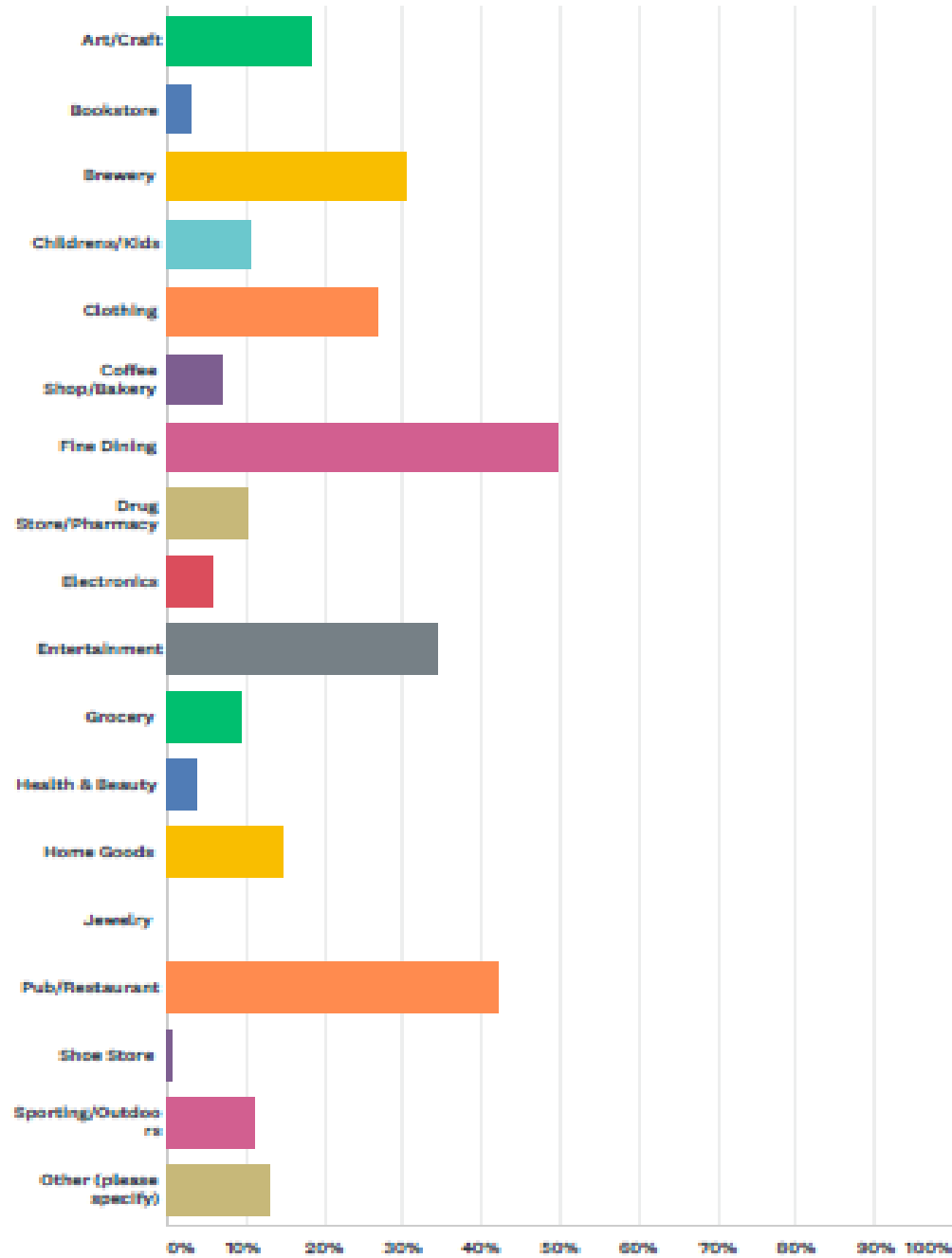
What 3 Words Come to Mind?

Q2 The top 3 issues facing downtown are:

What businesses do you most commonly visit?

Owatonna, MN Community Survey

Other:
- Community Center
- Men's Clothing
- Gift Shops

Summary of Survey

- Community understands the historic and architecture significance. Senses that it is tired & boring (Design – Placemaking critical)

- Vacancies and Store Variety are lacking (Entrepreneurship – EV)

- Restaurants are primary driver (Food/Dining); albeit Ace Hardware was tops (Convenience)

- More food, fine-dining; pub/restaurants are most desirable (Food/Dining)

- Saturday evenings could be logical for longer store hours. (EV, Promotions)

- About 25% of respondents would live in the downtown and/or are unsure. (Residents/Workers)

Market Data Inputs

- Key Components for Review
  - Existing Business Mix
  - Community Assets and Anchors
  - Trade Area Analysis
  - Sales Leakage
  - Psychographics
  - Demographics

Trade Area
Delineation
Drive Times: 5,
10, and 20 min
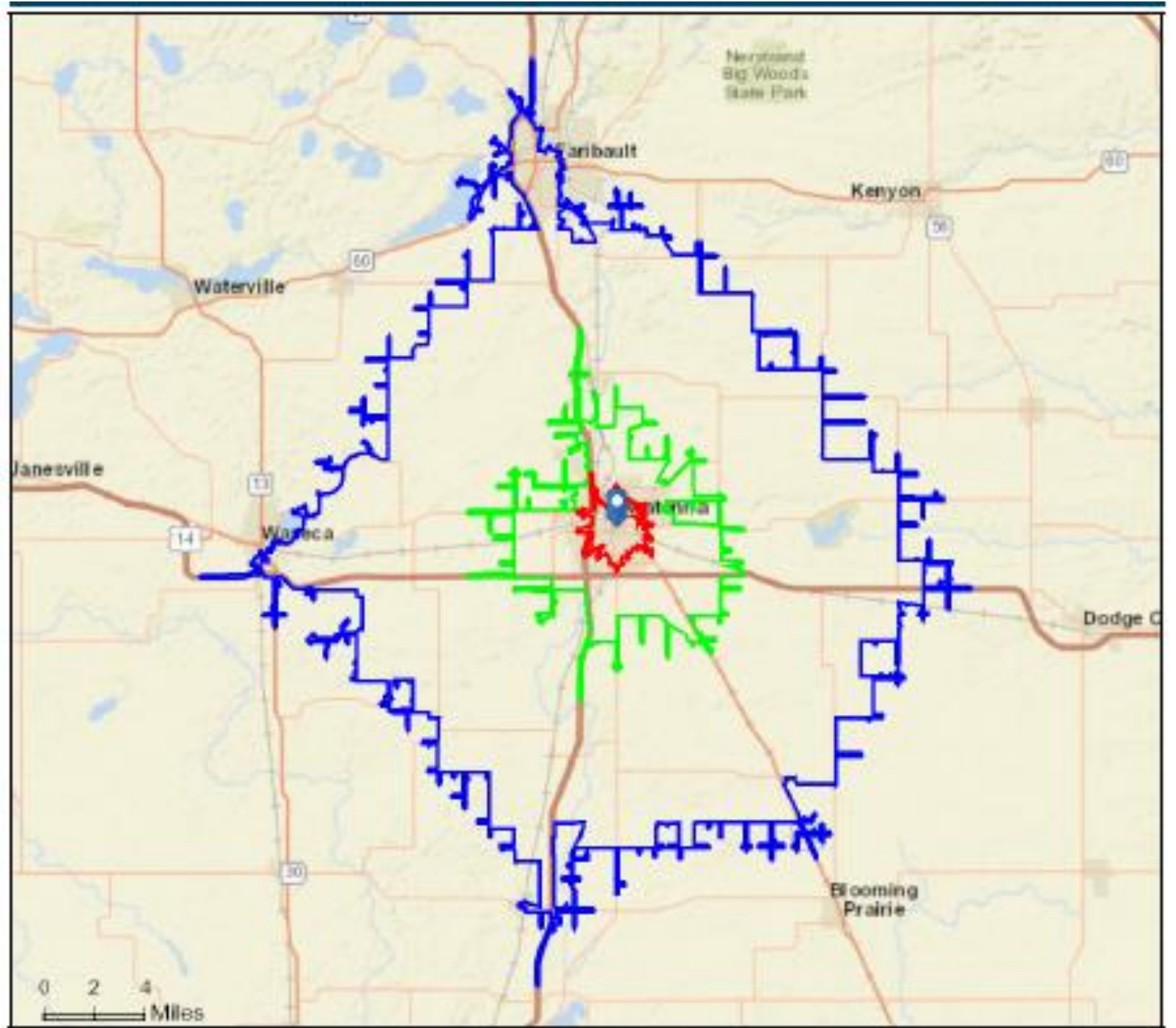
Some demographic characteristics – _(See Attached Report)

- Population size
- Population trends
- Number of households
- Household trends (e.g., smaller or larger)
- Median HH income and benchmarks
- Median age and benchmarks
- Median age trends
- Households with children at home
- Homeownership rates
- Educational attainment
- Race and ethnicity and trends
- Psychographic segmentation ("Community Tapestry")

Demographics Notes

KEY FACTS

11,285
Population

36.6
Median Age

2.4
Average Household Size

$55,866
Median Household Income

EDUCATION

6%
No High School Diploma

36%
High School Graduate

33%
Some College

24%
Bachelor's/Grad/Prof Degree

BUSINESS

655
Total Businesses

12,676
Total Employees

EMPLOYMENT

55% White Collar

29% Blue Collar

16% Services

5.2%
Unemployment Rate

INCOME

$55,866
Median Household Income

$28,347
Per Capita Income

$92,137
Median Net Worth

Households By Income

The largest group: $50,000 - $74,999 (24.3%)
The smallest group: $200,000+ (2.5%)

Indicator	Value	Difference	
<$15,000	9.8%	+1.5%	
$15,000 - $24,999	7.8%	+1.2%	
$25,000 - $34,999	8.6%	+1.5%	
$35,000 - $49,999	15.8%	+2.7%	
$50,000 - $74,999	24.3%	+1.7%	
$75,000 - $99,999	15.6%	-2.6%	
$100,000 - $149,999	12.8%	-2.0%	
$150,000 - $199,999	2.8%	-2.8%	
$200,000+	2.5%	-1.2%	

Bars show deviation from Steele County

Some psychographic characteristics

What is Psychographics?

Psychographics is the study of personality, values, opinions, attitudes, interests, and lifestyles. Psychographic studies of individuals or communities can be valuable in the fields of marketing, demographics, opinion research, prediction, and social research in general. They can be contrasted with demographic variables (such as age and gender), behavioral variables (such as usage rate or loyalty), and organizational demographics variables (sometimes called firmographic variables), such as industry, number of employees, and functional area.

When a relatively complete profile of a person or group's psychographic make-up is constructed, this is called a "psychographic profile". Psychographic profiles are used in market segmentation as well as in advertising. Some categories of psychographic factors used in market segmentation include:

- activity, interest, opinion (AIOs)
- attitudes
- values
- behavior

Psychographic Profiles

		2017 Households		2017 U.S. Households		
			Cumulative		Cumulative	
Rank	Tapestry Segment	Percent	Percent	Percent	Percent	Index
1	Rustbelt Traditions (5D)	45.5%	45.5%	2.2%	2.2%	2061
2	Traditional Living (12B)	25.9%	71.4%	1.9%	4.1%	1,332
3	Set to Impress (11D)	10.7%	82.1%	1.4%	5.5%	770
4	Salt of the Earth (6B)	6.9%	89.0%	2.9%	8.4%	240
5	Green Acres (6A)	6.3%	95.3%	3.2%	11.6%	198
	Subtotal	**95.3%**		**11.6%**		

Rustbelt Traditions

5D

Households: 2,685,000

Average Household Size: 2.46

Median Age: 38.4

Median Household Income: $49,000

WHO ARE WE?

The backbone of older industrial cities in states surrounding the Great Lakes, *Rustbelt Traditions* residents are a mix of married-couple families and singles living in older developments of single-family homes. While varied, the work force is primarily white collar, with a higher concentration of skilled workers in manufacturing, retail trade, and health care. *Rustbelt Traditions* represents a large market of stable, hard-working consumers with modest incomes but above average net worth (Index 111). Family oriented, they value time spent at home. Most have lived, worked, and played in the same area for years.

OUR NEIGHBORHOOD

- Almost half (46%) of the households are married-couple families, similar to the US (48%), most without children (also similar to the US); the slightly higher proportion of singles (Index 105) reflects the aging of the population.
- Average household size is slightly lower at 2.46.
- They are movers, slightly more mobile than the US population (Index 109), but almost half of householders (46%) moved into their current homes before 2000.
- Most residents live in modest, single-family homes in older neighborhoods built in the 1950s (Index 218).
- Nearly three quarters own their homes; over half of households have mortgages.
- A large and growing market, *Rustbelt Traditions* residents are located in the dense urban fringe of metropolitan areas throughout the Midwest and South.
- Most households have two or more vehicles available.

SOCIOECONOMIC TRAITS

- Most have graduated from high school or spent some time at a college or university.
- Unemployment below the US at 8%; labor force participation slightly higher than the US at 67%.
- While most income derived from wages and salaries, nearly 30% of households collecting Social Security and nearly 20% drawing income from retirement accounts.
- Family-oriented consumers who value time spent at home.
- Most lived, worked, and played in the same area for years.
- Budget aware shoppers that favor American-made products.
- Read newspapers, especially the Sunday editions.

TAPESTRY SEGMENTATION
esri.com/tapestry

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100. Consumer preferences are estimated from data by GfK MRI.

MARKET PROFILE (Consumer preferences are estimated from data by GfK MRI)

- Residents take advantage of convenience stores for fueling up and picking up incidentals.
- Watching television is a common pastime; many households have more than four TVs.
- Favorite programming ranges from ESPN, Animal Planet, and AMC to children's shows on Nickelodeon and Cartoon Network.
- Residents are connected; entertainment activities like online gaming dominate their Internet usage.
- Favorite family restaurants include Applebee's, Outback Steakhouse, and Texas Roadhouse.
- Radio dials are typically tuned to classic rock stations.

HOUSING

Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.

Typical Housing:
Single Family

Median Value:
$118,000
US Median: $177,000
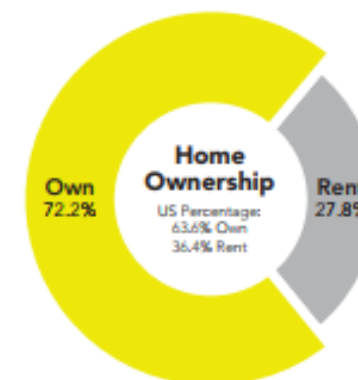
Home Ownership
US Percentage:
63.6% Own
36.4% Rent

Own 72.2%
Rent 27.8%

POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.

Population
900,000 — 11,000,000
6,662,000

Population Growth (Annual %)
-0.5% — 3.0%
0.2%

Population Density (Persons per sq. mile)
0 — 25,000
651

ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.

Wealth Index
0 — 77 — 350

Socioeconomic Status Index
0 — 101 — 350

Housing Affordability Index
0 — 208 — 350
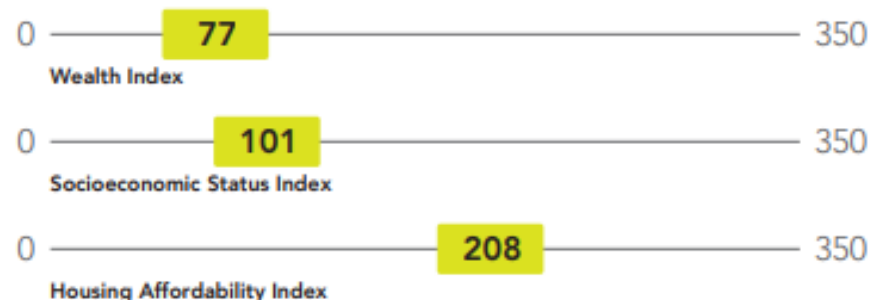
Traditional Living

12B

Households: 2,369,000

Average Household Size: 2.50

Median Age: 34.8

Median Household Income: $37,000

WHO ARE WE?

Residents in this segment live primarily in low-density, settled neighborhoods in the Midwest. The households are a mix of married-couple families and singles. Many families encompass two generations who have lived and worked in the community; their children are likely to follow suit. The manufacturing, retail trade, and health care sectors are the primary sources of employment for these residents. This is a younger market—beginning householders who are juggling the responsibilities of living on their own or a new marriage, while retaining their youthful interests in style and fun.

OUR NEIGHBORHOOD

- Married couples are the dominant household type, but fewer than expected from the younger age profile and fewer with children (Index 79); however, there are higher proportions of single-parent (Index 146) and single-person households (Index 112).

- Average household size is slightly lower at 2.50.

- Homes are primarily single family or duplexes in older neighborhoods, built before 1940 (Index 183).

- Most neighborhoods are located in lower-density urban clusters of metro areas throughout the Midwest and South.

- Average commuting time to work is slightly shorter (Index 88).

- Households have one or two vehicles.

SOCIOECONOMIC TRAITS

- Over 70% have completed high school or some college.

- Unemployment is higher at 10.9% (Index 127); labor force participation is also a bit higher at 64.6%.

- Over three quarters of households derive income from wages and salaries, augmented by Supplemental Security Income (Index 122) and public assistance (Index 149).

- Cost-conscious consumers that are comfortable with brand loyalty, unless the price is too high.

- Connected and comfortable with the Internet, they are more likely to participate in online gaming or to access dating websites.

- TV is seen as the most trusted media.

TAPESTRY SEGMENTATION
esri.com/tapestry

LifeMode Group: Hometown
12B
Traditional Living

TAPESTRY
SEGMENTATION
esri.com/tapestry

MARKET PROFILE (Consumer preferences are estimated from data by GfK MRI)

- They shop for groceries at discount stores such as Walmart supercenters; Kmart is also a favorite for apparel and sundry household and personal care products.
- Convenience stores are commonly used for fuel or picking up incidentals like lottery tickets.
- They tend to carry credit card balances, have student loans, and pay bills in person.
- Half of households have abandoned landlines for cell phones only.
- They watch their favorite channels including QVC, CMT, and Game Show Network.
- They're fast food devotees.
- They enjoy outdoor activities such as camping and taking trips to the zoo.
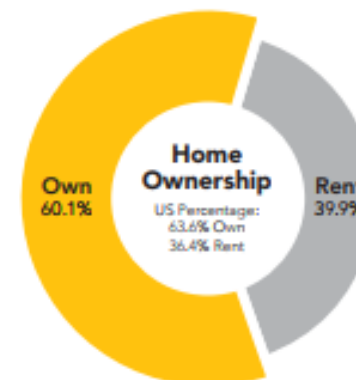
HOUSING

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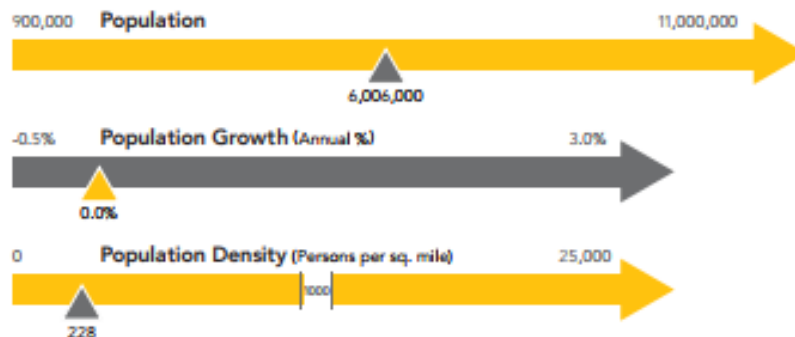
Typical Housing:
Single Family

Median Value:
$79,000

US Median: $177,000

Home Ownership
US Percentage:
63.6% Own
36.4% Rent

Own 60.1%
Rent 39.9%

POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.

Population
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Population Growth (Annual %)
-0.5% — 3.0%
0.0%

Population Density (Persons per sq. mile)
0 — 25,000
1000
228

ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.

0 — **51** — 350
Wealth Index

0 — **76** — 350
Socioeconomic Status Index

0 — **231** — 350
Housing Affordability Index
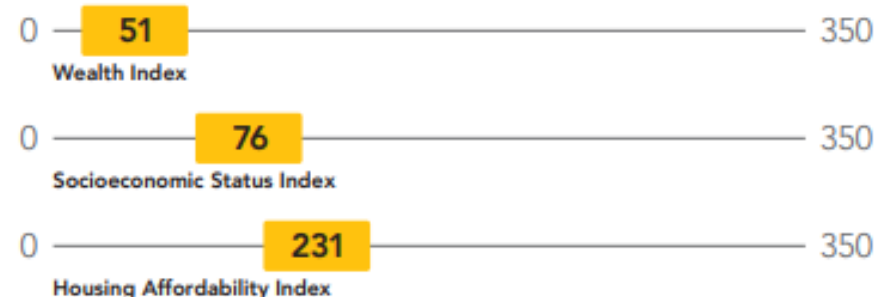
Downtown business characteristics (See attached Report)

- Business inventory
- Number of businesses
- Business clusters
  - Retail (by category)
  - Restaurant
  - Lodging
  - Professional
  - Manufacturing
- Number of downtown workers

Sales void analysis – (See attached report)

- Total buying power
- Total sales capture
- Buying power by retail category
- Sales capture by retail category
- Sales leakage by retail category
- Major competitors

Retail Leakage and Surplus-- Defined

From Esri:

What does the Leakage/Surplus Factor in the Retail Marketplace database mean?

The Leakage/Surplus Factor in the Retail MarketPlace database measures the balance between the volume of retail sales (supply) generated by retail businesses and the volume of retail potential (demand) produced by household spending on retail goods within the same industry.

Leakage in an area represents a condition where demand exceeds supply. In other words, retailers outside the market area are fulfilling the demand for retail products; therefore, demand is "leaking" out of the trade area. Such a condition highlights an opportunity for new retailers to enter the trade area or for existing retailers to extend their marketing outreach to accommodate the excess demand.
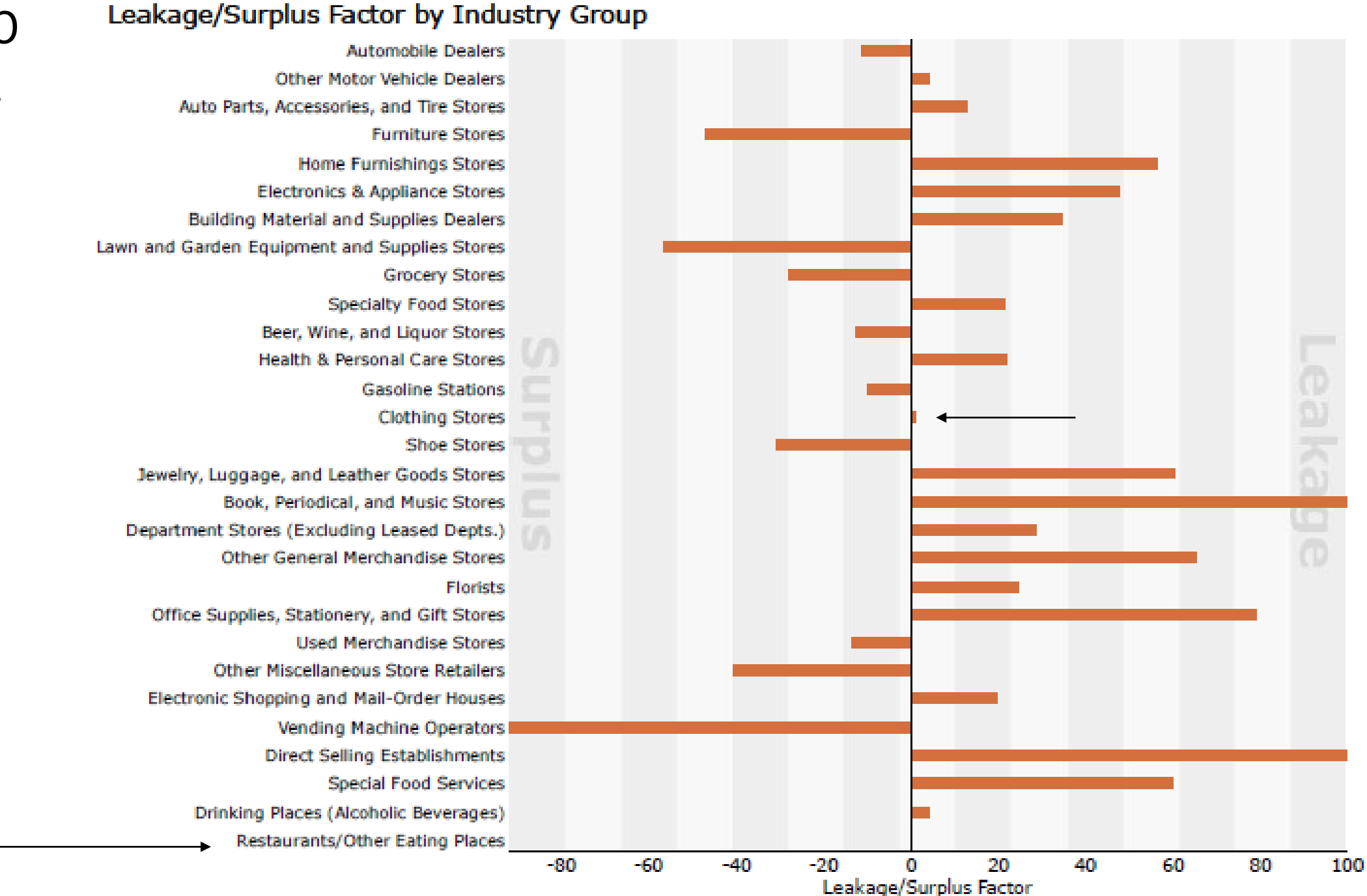
Surplus in an area represents a condition where supply exceeds the area's demand. Retailers are attracting shoppers that reside outside the trade area. The "surplus" is in market supply. Brand positioning and product mix are key differentiators in these types of markets.
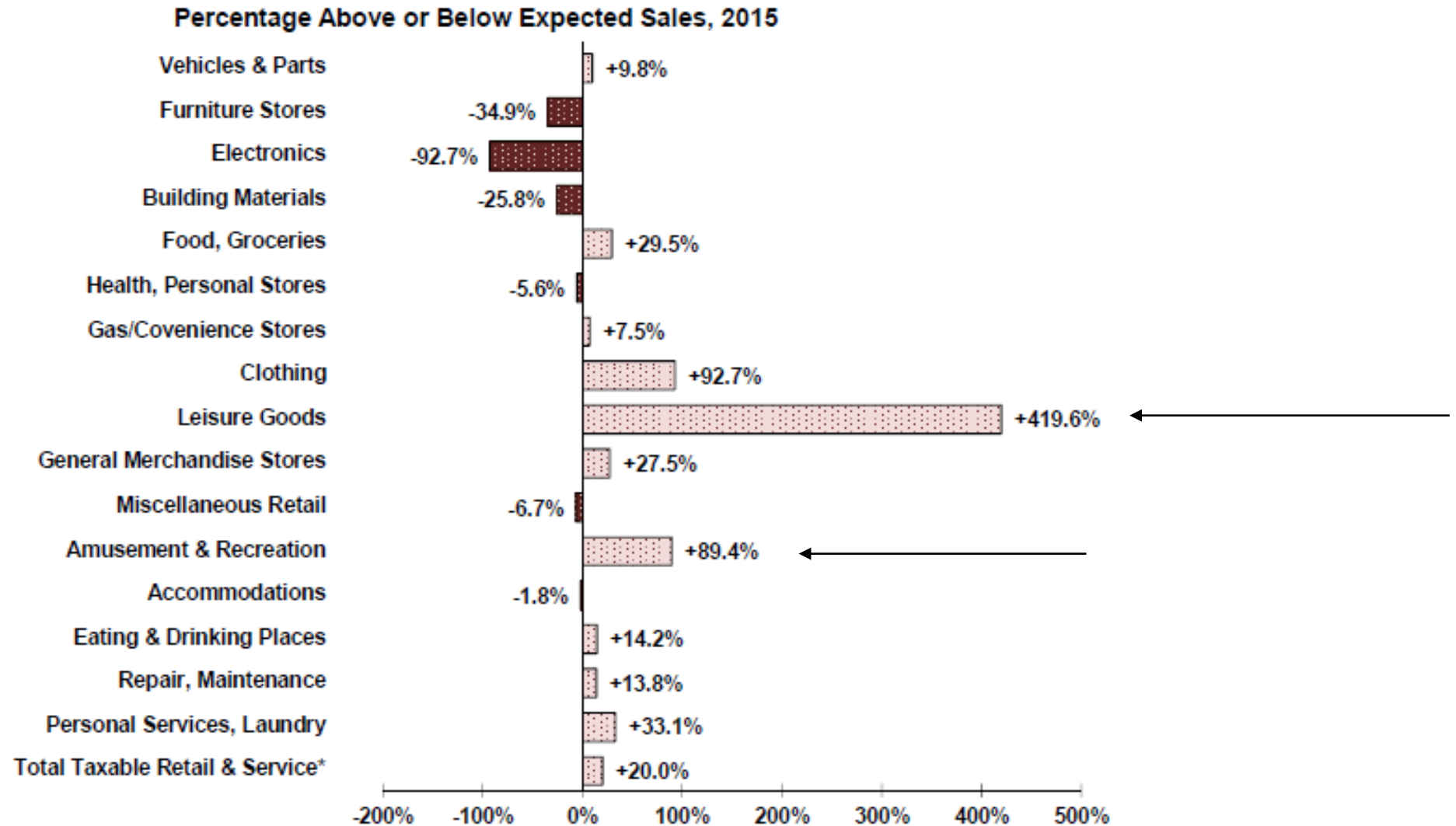
Sales Gap Review – 5 min

Leakage/Surplus Factor by Industry Group

Sales Gap Review – 20 min

Leakage/Surplus Factor by Industry Group

From Your 2015 Retail Trade Analysis – U of MN

Percentage Above or Below Expected Sales, 2015

Category	Percentage
Vehicles & Parts	+9.8%
Furniture Stores	-34.9%
Electronics	-92.7%
Building Materials	-25.8%
Food, Groceries	+29.5%
Health, Personal Stores	-5.6%
Gas/Covenience Stores	+7.5%
Clothing	+92.7%
Leisure Goods	+419.6%
General Merchandise Stores	+27.5%
Miscellaneous Retail	-6.7%
Amusement & Recreation	+89.4%
Accommodations	-1.8%
Eating & Drinking Places	+14.2%
Repair, Maintenance	+13.8%
Personal Services, Laundry	+33.1%
Total Taxable Retail & Service*	+20.0%

Market Summary

- Downtown has an undiscovered group of small scale producers: chocolate/candy, rug, bakery, hats, brewery, Josten's (Small-Scale Production)

- Massive growth in leisure and recreation spending (Recreation)

- Small surplus on restaurants, but more growth potential based on national trends (Food/Dining)

- Downtown housing unit growth could help to recapture leakage in specialty food areas. (Residents)

- Psychographics suggest consumer markets with brand and local shopping loyalties, price point sensitivity, family-oriented, and outdoor recreation focused. (Convenience; Recreation)

- Strong surpluses (5 min)combined with large leakage (20min) in gifts, office supplies, etc demonstrates convenience presence in downtown. (Convenience/Residents)

Exercise -

- In Your Group Tables: Ideate 5 possible project opportunities you would see for Owatonna based on the three areas of opportunity analysis:
    - Observed Assets
    - Community Survey
    - Market Data

Lunch Table Group Exercise

Instructions: A key attribute of opportunity analysis is the ability to take your own background and experiences and apply it to areas you may not have a lot of knowledge.

Based on the attributes of this new "glue" find using your best ideas one product you would develop using this new glue. In addition answer the questions below as part of your presentation.

Project: A New Glue

Key Attributes:

• **Can stick in water**

• **Can stick in body**

• **Can hold fluids**

• **Can be made of any thickness**

• **Has Time-Release**

What to Address:

▪ **Who Might be the Targeted Customer(s)?**

▪ **Where Could I Sell It?**

▪ **What are the Potential Barriers?**

Tour – Opportunity Identification

- What to Look For:
  - Types of Customers
  - How is the Downtown Functioning
  - Any Gaps in Uses
  - Any Barriers
  - Overall Design Features
  - Any key anchors/traffic generators
  - Linkages/Connectivity
  - Any key business niches
  - Infill Opportunities?
  - Green Space?

- Possible Engagement Opportunities
  - Talk with a store owner
  - Stop and ask a customer
  - Ask one of the local hosts

Opportunity Identification Exercise

- Take 10 min in your group summarize the top 5 opportunities for the host community to pursue and why?

- You'll then present out your findings.

Questions

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